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SOAH DOCKET NO. 473-21-0538 RECEIVED
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APPLICATION OF SOUTHWESTERN §
ELECTRIC POWER COMPANY FOR §
AUTHORITY TO CHANGE RATES §

BEFORE THE STATE OFFICE
OF
ADMINISTRATIVE HEARINGS

**SOUTHWESTERN ELECTRIC POWER COMPANY'S RESPONSE TO CITIES
ADVOCATING REASONABLE DEREGULATION'S TWELFTH SET OF REQUESTS
FOR INFORMATION**

MARCH 30, 2021

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Question No. CARD 12-1:

Please provide the total distribution capital investment placed in service since SWEPCO's last base rate case (Docket 46449) that has not been previously reviewed and approved by the Commission, and which is being requested in rates in this case.

Response No. CARD 12-1:

A total of approximately \$143.5 million in distribution capital additions were booked to plant in service between July 1, 2016 and March 31, 2020 (since the last base rate case).

Prepared By: Paul D. Flory

Title: Regulatory Consultant Sr

Sponsored By: Drew W. Seidel

Title: VP Dist Region Opers

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

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Question No. CARD 12-2:

Please provide the total transmission capital investment placed in service since SWEPCO's last base rate case (Docket 46449) that has not been previously reviewed and approved by the Commission, and which is being requested in rates in this case.

Response No. CARD 12-2:

See the testimony of Company witness Smith, page 13, Table 1. The total transmission capital investment placed in service since SWEPCO's last base rate case (Docket 46449) is \$636,679,027. As noted on pages 13 through 14 of that testimony, \$337,916,966 of that transmission investment shown in Table 1 has already been reviewed by the Commission in SWEPCO's most recent Transmission Cost Recovery Factor case, Docket No. 49042.

Prepared By: William M. Romine

Title: Regulatory Consultant Staff

Sponsored By: Wayman L. Smith

Title: Dir Trans Planning

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

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Question No. CARD 12-3:

Please provide all changes in the planned retirement dates of SWEPCO generating units reflected in witness McMahon's direct testimony Table 2, which have occurred since the testimony was filed.

Response No. CARD 12-3:

As a result of recently revised CCR and ELG regulations, Pirkey Plant's planned retirement date has been changed from 2045 to 2023 and the end of coal-fired operations at Welsh Units 1 and 3 has been changed from 2037 and 2042, respectively, to 2028.

Prepared By: Tara D. Beske

Title: Regulatory Consultant Staff

Sponsored By: Monte A. McMahon

Title: VP Generating Assets SWEPCO

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Question No. CARD 12-4:

Reference the response to CARD 1-8, please provide the retail class allocation factors used for allocating operating reserve purchase costs to each Texas retail class under the Cajun agreement and identify the basis for the allocation (e.g., demand, energy or another basis).

Response No. CARD 12-4:

The cost-of-service study uses a 4CP production allocation for jurisdictions and a 4CP average and excess allocation for Texas retail classes for operating reserve purchase cost under the Cajun agreement booked to FERC Account 555 (not recovered as a reconcilable fuel expense). The applicable allocation factors are:

SOUTHWESTERN ELECTRIC POWER
COMPANY

Production Allocation Factors

Jurisdiction (4 CP)

TX	36.907%
AR	19.388%
LA	35.373%
FERC	8.332%
	<u>100.000%</u>

Texas Class (4 CP A&E)

Residential

Residential	41.572%
Residential DG	0.024%

Commercial

Cotton Gin	0.040%
General Service w/ Demand	4.399%
General Service No Demand	1.416%
General Service DG	0.002%
Light & Power Pri	6.600%

Light & Power Sec	31.264%
Light & Power Sec DG	0.027%
<u>Industrial</u>	
Large Light & Power Pri	1.924%
Large Light & Power Trans	6.930%
Metal Melting Service Dist Pri	0.316%
Metal Melting Service Dist Sec	0.017%
Metal Melting Service Trans	0.439%
Oilfield Pri	3.223%
Oilfield Sec	0.255%
<u>Municipal</u>	
Municipal Pumping	0.521%
Municipal Service	0.309%
<u>Lighting</u>	
Customer Owned Lighting	0.058%
Municipal Public & Hwy Street Lighting	0.226%
Outdoor Private & Area Lighting	0.429%
Public & Hwy Street Lighting	0.009%
TOTAL TEXAS RETAIL	100.000%

Prepared By: Earlyne T. Reynolds

Title: Reg Pricing & Analysis Mgr

Sponsored By: John O. Aaron

Title: Dir Reg Pricing & Analysis

Sponsored By: Scott E. Mertz

Title: Regulatory Consultant Staff

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Question No. CARD 12-5:

Reference the response to CARD 2-24, please clarify whether the data provided includes or excludes major storm events.

Response No. CARD 12-5:

Excludes major storm events.

Prepared By: Paul D. Flory

Title: Regulatory Consultant Sr

Sponsored By: Drew W. Seidel

Title: VP Dist Region Opers

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Question No. CARD 12-6:

Reference the response to CARD 2-25, please provide the distribution line miles for SWEPCO's Texas service area and for each SWEPCO affiliate listed.

Response No. CARD 12-6:

For the distribution line miles in the SWEPCO TX service area, please see the Testimony of Company Witness Seidel, page 3 line 17. Please see CARD 12-6 Attachment 1 for an update of CARD 2-25 Attachment 1 with the affiliate distribution line miles.

Prepared By: Paul D. Flory

Title: Regulatory Consultant Sr

Sponsored By: Drew W. Seidel

Title: VP Dist Region Opers

Operating Company	State	Veg Management Cycle	2019 Veg O&M Expenses	2019 Veg Capital Expenses	2019 Total	Distribution Line Miles *****
Public Service Company of Oklahoma	Oklahoma	4- year	\$22,300,000	\$4,000,000	\$26,300,000	15,076.23
Kingsport Power Company	Tennessee	4- year	\$3,762,000	\$2,295,000	\$6,057,000	1,323.59
Appalachian Power Company	Virginia	Reliability based (Stations are on a 3-year cycle)	\$19,239,000	\$22,403,000	\$41,642,000	26,532.33
Appalachian Power Company/Wheeling Power Company	West Virginia	6-year	\$47,846,000	\$20,165,000	\$68,011,000	20,426.92
AEP Ohio*	Ohio	4- year	\$48,400,000	\$2,120,000	\$50,520,000	36,674.09
Kentucky Power Company	Kentucky	5-year	\$21,284,000	\$2,366,000	\$23,650,000	9,850.39
Indiana Michigan Power Company	Indiana	Reliability based**	\$17,400,000	\$9,300,000	\$26,700,000	12,015.01
Indiana Michigan Power Company	Michigan	Reliability based***	\$13,400,000	\$0	\$13,400,000	4,495.50
AEP Texas	Texas	Modified approach ****	\$7,100,000	\$1,700,000	\$8,800,000	37,542.28

*Does not include money spent on our hazard tree program, which is outside the 4 year cycle maintenance program.

**Based on worst performing circuits. Moving to a 4-year cycle in 2021.

***Based on worst performing circuits. Moving to a 5-year cycle in 2021.

****Targets selected high customer-count substations with the goal of keeping those stations on a 4-year cycle. Cycle work is limited to the first Feeder Breaker Zones. All other Substations/Circuits are on an as -needed basis.

***** Provided by GIS.

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Question No. CARD 12-7:

Reference the response to CARD 7-2, please provide the study date, natural gas price forecast, and replacement capacity costs (if any) used for each referenced study.

Response No. CARD 12-7:

The analysis provided in response to CARD 7-2 was performed in October 2020. Please see the supplemental response to CARD 2-10 for the natural gas forecast used in the analysis. Please see the response to SC 2-2 for the replacement capacity costs assumed in the analysis

Prepared By: Mark A. Becker

Title: Mng Dir Res Plnning&Op Anlysis

Sponsored By: Thomas P. Brice

Title: VP Regulatory & Finance

Sponsored By: Monte A. McMahon

Title: VP Generating Assets SWEPCO

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Question No. CARD 12-8:

Reference the response to CARD 7-3, please provide the study date, natural gas price forecast, and replacement capacity costs (if any) used for each referenced study.

Response No. CARD 12-8:

The Flint Creek analyses were conducted in Summer 2015 and October 2020. Please see the response to CARD 7-4 for the natural gas price and replacement capacity costs assumed in the Summer 2015 analysis and the supplemental response to CARD 2-10 for the natural gas price used in the October 2020 analysis. Please see the response to SC 2-2 for the replacement capacity assumed in the October 2020 analysis.

The Welsh analyses were conducted in Summer 2015 and October 2020. Please see the response to CARD 7-4 for the natural gas price and replacement capacity cost assumed in the Summer 2015 analysis and the supplemental response to CARD 2-10 for the natural gas price used in the October 2020 analysis. Please see the response to SC 2-2 for the replacement capacity assumed in the October 2020 analysis.

The Pirkey analyses were conducted in December 2018 and October 2020. Please see the response to CARD 7-4 for the natural gas price and replacement capacity costs assumed in the December 2018 analysis. Please see the supplemental response to CARD 2-10 for the natural gas price used in the October 2020 analysis. Please see the response to SC 2-2 for the replacement capacity assumed in the October 2020 analysis.

The Dolet Hills analyses were conducted in Spring 2019 and January 2020. Please see the response to CARD 7-4 for the natural gas price and replacement capacity cost assumed in these analyses.

Prepared By: Mark A. Becker

Title: Mng Dir Res Plnning&Op Anlysis

Sponsored By: Thomas P. Brice

Title: VP Regulatory & Finance

Sponsored By: Monte A. McMahon

Title: VP Generating Assets SWEPCO

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Question No. CARD 12-9:

Reference the response to CARD 7-6, please provide the basis for the forecasted market capacity prices and provide the equivalent annual capacity price (\$/kW-year) for each year of the forecast.

Response No. CARD 12-9:

Capacity prices are a discrete output of the Aurora energy market simulation model. Capacity prices represent the non-energy revenue necessary for the least-dispatched units to remain economically viable and for the entire fleet to meet required reserve margins. Capacity prices are not reported in \$/kW-year in the Fundamentals Forecast.

Prepared By: Scott E. Mertz

Title: Regulatory Consultant Staff

Sponsored By: Scott E. Mertz

Title: Regulatory Consultant Staff

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Question No. CARD 12-10:

Please provide the bid price results, and volume of capacity offered, for the most recent RFPs for short-term capacity issued by SWEPCO or PSO.

Response No. CARD 12-10:

SWEPCO has not issued any recent RFPs for short-term capacity. SWEPCO does not have possession, custody, or control of the bids offered in the most recent RFP for short-term capacity issued by Public Service Company of Oklahoma.

Prepared By: Scott E. Mertz

Title: Regulatory Consultant Staff

Sponsored By: Scott E. Mertz

Title: Regulatory Consultant Staff

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Question No. CARD 12-11:

Reference the responses to CARD 7-2, CARD 7-16 and CARD 7-18, please provide the results of any scenarios evaluated by SWEPCO that considered retirement of Pirkey earlier than 2023 with replacement of any capacity deficit caused by the earlier retirement with short-term capacity purchases. If no such scenarios were evaluated, please explain why not.

Response No. CARD 12-11:

No analyses have been conducted that evaluate a Pirkey retirement earlier than 2023. Please see the response to CARD 7-18 for the reasoning why a scenario with a Pirkey retirement earlier than 2023 has not been conducted.

Prepared By: Mark A. Becker

Title: Mng Dir Res Plnning&Op Anlysis

Prepared By: Tara D. Beske

Title: Regulatory Consultant Staff

Sponsored By: Thomas P. Brice

Title: VP Regulatory & Finance

Sponsored By: Scott E. Mertz

Title: Regulatory Consultant Staff

Sponsored By: Monte A. McMahon

Title: VP Generating Assets SWEPCO

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Question No. CARD 12-12:

Reference the responses to CARD 7-19, and Schedule H 5.3b, please identify any capital projects that were re-evaluated or cancelled due to the Company's decisions to retire Dolet Hills and Pirkey earlier than originally planned.

Response No. CARD 12-12:

Since its announcement to retire the Dolet Hills Plant in 2021 and the Pirkey Plant in 2023, the Company has not updated the capital forecast contained in Schedule H-5.3b. However, the Company is reviewing and limiting capital spending to only those investments required to ensure availability of the Dolet Hills and Pirkey units through their planned retirement dates.

Prepared By: Tara D. Beske

Title: Regulatory Consultant Staff

Sponsored By: Monte A. McMahon

Title: VP Generating Assets SWEPCO

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Question No. CARD 12-13:

Reference Schedule H 5.3b, please provide documentation of the scope and justification for the capital spending for the project at Dolet Hills designated as WSX111023, Dolet Hills Pbp Other Production and provide the total amount of capital spending requested in rate base in this case that has not been previously approved by the Commission and included in rate base.

Response No. CARD 12-13:

WSX111023 is a capital project blanket, which covers all capital projects under the threshold of \$500,000. See CARD 1-16 Supplemental Attachment 1, for the amount being requested in rates for the first time.

Prepared By: Mark A. Becker

Title: Mng Dir Res Plnning&Op Anlysis

Prepared By: Tara D. Beske

Title: Regulatory Consultant Staff

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

Sponsored By: Monte A. McMahon

Title: VP Generating Assets SWEPCO

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Question No. CARD 12-14:

Reference the responses to CARD 7-24 and CARD 7-25, please reconcile the responses that all SPP ancillary service costs and revenues during the test year are recovered via base rates with the Company's fuel reconciliation application in PUC Docket No. 50994, which requests that costs and revenues associated with operating reserves, regulation services and other such SPP market services as reconcilable expenses recoverable through the Company's fuel factor.

Response No. CARD 12-14:

RFIs CARD 7-24 and CARD 7-25 expressly refer to "non-energy SPP ancillary services". The Company's responses stated "All SPP ancillary services purchased by SWEPCO during the test year are recovered via base rates" (CARD 7-24) and "All SPP ancillary services sold by SWEPCO during the test year are recovered via base rates" (CARD 7-25). The responses to CARD 7-24 and CARD 7-25 should have stated "All non-energy SPP ancillary services purchased by SWEPCO during the test year are recovered via base rates" (CARD 7-24) and "All non-energy SPP ancillary services sold by SWEPCO during the test year are recovered via base rates" (CARD 7-25).

Prepared By: Tiffany A. Powell Day

Title: Regulatory Acctg Case Mgr

Sponsored By: Thomas P. Brice

Title: VP Regulatory & Finance

Sponsored By: Michael A. Baird

Title: Mng Dir Acctng Policy & Rsrch

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Question No. CARD 12-15:

Please explain and provide justification for the Company's request for recovery of coal inventory for Dolet Hills when the operations of the plant is restricted primarily to summer months and the plant is expected to be retired by the end of 2021.

Response No. CARD 12-15:

The plant provided service to customers during the test year and will continue to do so until it is retired later this year, after the summer season when SWEPCO typically experiences its peak demand. This provision of service requires adequate fuel inventory to accommodate that service and SWEPCO will incur the cost of maintaining such inventory.

Prepared By: Michael H. Ward

Title: Regulatory Consultant Staff

Prepared By: Mark J. Leskowitz

Title: VP Regulated Fuel Procurement

Sponsored By: Thomas P. Brice

Title: VP Regulatory & Finance

Sponsored By: Amy E. Jeffries

Title: Dir Regulated Infrstr Dev

Sponsored By: Monte A. McMahon

Title: VP Generating Assets SWEPCO

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Question No. CARD 12-16:

Please provide any adjustments made to SWEPCO's coal and lignite inventory targets to reflect the reduction in energy production from such plants experienced over the last several years and/or forecasted over the next several years.

Response No. CARD 12-16:

The inventory targets are intended to ensure that inventory is readily available during peak periods of production throughout the year and have not been adjusted from the levels previously approved by the Commission.

Prepared By: Michael H. Ward

Title: Regulatory Consultant Staff

Prepared By: Mark J. Leskowitz

Title: VP Regulated Fuel Procurement

Sponsored By: Amy E. Jeffries

Title: Dir Regulated Infrstr Dev